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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 28, 1992 Commission File No. 0-11917

THE DAVEY TREE EXPERT COMPANY
(Exact name of Registrant as specified in its charter)

OHIO	34-0176110
(State of Incorporation)	(IRS Employer Identification No.)

1500 North Mantua St.
Kent, Ohio 44240
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (216) 673-9511

Number of Common Shares Outstanding as of May 11, 1992: 2,612,614

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past ninety (90) days.

YES X NO ____

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THE DAVEY TREE EXPERT COMPANY

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THE DAVEY TREE EXPERT COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	Mar. 28, 1992	Mar. 30, 1991	Dec. 31, 1991
		(UNAUDITED)	
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 735	$ 480	$ 1,180
Accounts Receivable	21,950	23,466	20,913
Refundable Income Taxes	809	466	--
Operating Supplies	1,953	2,105	1,722
Prepaid Expenses	1,810	1,995	2,014
Deferred Income Taxes	776	1,217	774
Total Current Assets	28,033	29,729	26,603
OTHER ASSETS	3,487	2,933	3,101
PROPERTY AND EQUIPMENT-NET	51,958	43,406	43,532
TOTAL ASSETS	$83,478	$76,068	$73,236
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes Payable to Banks	$ 80	$ 1,551	$ 80
Accounts Payable	8,866	8,005	7,869
Accrued Liabilities	7,513	7,582	7,314
Income Taxes Payable	---	---	916
Current Maturities of Long-Term Debt	1,167	1,381	1,165
Total Current Liabilities	$17,626	$18,519	$17,344
LONG-TERM DEBT			
Notes Payable	$ 8,000	$ 8,000	$ 8,000
8.95% Industrial Development Bonds	1,000	1,500	1,125
Revolving Credit Agreement	15,000	7,500	2,500
Long-Term Debt of ESOT	458	527	482
3% Community Development Block Grant	250	250	250
Term Loans	2,277	1,156	766
Subordinated Notes - Stock Redemption	521	783	521
Other	562	959	876
	28,068	20,675	14,520
Less Current Maturities	1,167	1,381	1,165
Total Long-Term Debt	26,901	19,294	13,355
OTHER LIABILITIES	2,603	4,319	3,277
TOTAL LIABILITIES	$47,130	$42,132	$33,976
SHAREHOLDERS' EQUITY			
Preferred Shares	-0-	-0-	-0-
Common Shares - $1.00 Par Value; Authorized 12,000,000 Shares; issued 4,364,220 Shares at March 30, 1992, March 29, 1991 and December 31, 1991	$ 4,364	$ 4,364	$ 4,364
Additional Paid-in Capital	6,276	6,052	6,241
Retained Earnings	49,480	45,716	51,803
	60,120	56,132	62,408
LESS:			
Treasury Shares at cost; 1,724,111 Shares at March 30, 1992, 1,670,809 Shares at March 31, 1991, and 1,696,955 Shares December 31, 1991	(21,303)	(19,160)	(20,607)
Subscriptions Receivable From Employees	(2,011)	(2,509)	(2,059)
Future Contributions to ESOT	(458)	(527)	(482)
TOTAL SHAREHOLDERS' EQUITY	$36,348	$33,936	$39,260
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$83,478	$76,068	$73,236

THE DAVEY TREE EXPERT COMPANY
CONSOLIDATED STATEMENTS OF EARNINGS
Three Months Ended Mar. 28, 1992 and March 30, 1991
(Dollars in Thousands Except Earnings Per Share Amounts)

UNAUDITED

	March 28, 1992		March 30, 1991	
REVENUES	$40,702	100.0%	$40,995	100.0%
COSTS AND EXPENSES				
Operating Costs	32,012	78.6	30,866	75.3
Selling, General and Admin.	8,984	22.1	8,545	20.8
Depreciation	2,516	6.2	2,625	6.4
TOTAL COSTS AND EXPENSES	43,512	106.9	42,036	102.5
LOSS BEFORE INTEREST, OTHER INCOME AND INCOME TAXES	(2,810)	(6.9)	(1,041)	(2.5)
INTEREST EXPENSE	(368)	(.9)	(432)	(1.1)
OTHER EXPENSE	(98)	(.3)	(69)	(.2)
LOSS BEFORE INCOME TAXES	(3,276)	(8.1)	(1,542)	(3.8)
INCOME TAX CREDITS	1,294	3.2	612	1.5
NET LOSS	$(1,982)	(4.9)	$ (930)	(2.3)
NET LOSS PER COMMON SHARE	$ (.72)		$ (.33)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING, INCLUDING COMMON STOCK EQUIVALENTS	2,746,592		2,798,482	

See Notes to Consolidated Financial Statements

THE DAVEY TREE EXPERT COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
Three Months Ended March 28, 1992 and March 30, 1991
(Dollars in Thousands)

UNAUDITED

	March 28, 1992	March 30, 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	$(1,982)	$ (930)
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,563	2,758
Sub-Total	581	1,828
(Gain) Loss on Sale of Fixed Assets	(31)	21
Change in Assets and Liabilities:		
(Increase) Decrease In:		
Accounts Receivable	(1,037)	(1,034)
Operating Supplies	(231)	(546)
Prepaid Expenses	204	17
Other Assets	30	(151)
Increase (Decrease) In:		
Accounts Payable and Accrued Liabilities	1,196	(7)
Income Taxes Payable	(1,725)	(1,331)
Deferred Income Taxes	(152)	---
Other Liabilities	38	(156)
Net Cash (Used In) Operating Activities	(1,127)	(1,359)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	144	24
Business Acquisitions	(463)	---
Capital Expenditures	(11,038)	(4,208)
Net Cash (Used in) Investing Activities	(11,357)	(4,184)
CASH FLOWS FROM FINANCING ACTIVITIES		
ESOT Payment of Debt Guaranteed by the Company	24	15
Net Borrowings Under Line of Credit Agreements	---	380
Principal Payments of Debt Obligation	(314)	(271)
Proceeds from Issuance of Long-Term Debt	13,300	6,242
Sales of Treasury Shares	200	89
Dividends Paid	(292)	(272)
Payment for Purchase of Common Stock	(813)	(696)
Net Cash Provided by Financing Activities	12,105	5,487
Effect of Exchange Rate Changes on Cash	(66)	(9)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(445)	(65)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,180	545
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 735	$ 480

THE DAVEY TREE EXPERT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three Months Enued March 28, 1992

UNAUDITED

Note 1 - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements as of March 28, 1992 and March 30, 1991 have been prepared in accordance with the instructions to Form 10-Q, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of the management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included.

THE DAVEY TREE EXPERT COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
Three Months Ended and at March 28, 1992

Liquidity and Capital Resources

During the first quarter of 1992, operating activities used $1,127,000 in cash, a decrease of $232,000 when compared to the first quarter of 1991. The decrease was primarily attributable to an increase in seasonal losses offset by an increase in accounts payable. The increase in seasonal losses was due primarily to $636,000 of additional earnings generated as a result of tree work gained from an ice storm in the state of New York during the first quarter of 1991. The increased seasonal losses were due secondarily to start-up costs incurred in 1992 approximating $400,000 associated with new utility line clearing contracts. The increase in accounts payable resulted from additional amounts owed to capital equipment vendors due to increases in capital expenditures required by the new Utility contracts. It is expected that the level of accounts payable will become comparable to levels experienced in the prior year as the capital expenditure requirements of the new Utility contracts are met.

The Registrant's investing activities used $11,357,000 in cash in the first quarter of 1992, an increase of $7,173,000 from the same period in 1991. A significant portion of the increase was attributable to additional capital expenditures of $6,830,000 which were necessitated by the new Utility contracts. The Registrant expects its budget for capital expenditures in 1992 to be approximately $22,000,000, an increase of about $8,000,000 from 1991.

Financing activities generated $12,105,000 in cash during the first quarter of 1992 compared to $5,487,000 in the same period in 1991, an increase of $6,618,000. The increase was attributable to borrowings under the Registrant's revolving credit agreement with a bank which were required to fund the capital expenditures for the new Utility contracts.

At March 28, 1992, the Registrant's principal sources of liquidity consisted of $735,000 in cash and cash equivalents; short-term lines of credit and amounts available to be borrowed from banks via notes payable totaling $21,500,000 of which $8,900,000 had been drawn at March 28, 1992; and a revolving credit agreement with a bank in the amount of $15,000,000, all of which had been drawn at the end of the first quarter. As of May 7, 1992, $28,480,000 had been drawn from these agreements. The additional amounts drawn since March 28, 1992 were used to fund expenditures required for the new utility contracts as well as ongoing needs.

Because of the current relatively low long-term interest rates and its ongoing capital needs, on February 19, 1992, the Registrant entered into an agreement with a bank to assist in the preparation, marketing, and private placement of approximately $10,000,000 in fixed term debt. Coupled with the existing agreements, the Registrant's credit facilities will total approximately $36,500,000.

The Registrant believes that its available credit will exceed its credit requirements during 1992, and that its liquidity is adequate to meet short-term obligations. Also, some of the borrowings required during the first quarter will be reduced by cash generated from operating activities during the Registrant's prime sales season which commences in the second quarter.

Results of Operations

Revenues for the first quarter of 1992 of $40,702,000 decreased $293,000 when compared to the first quarter of 1991. The first quarter of 1991 included $1,314,000 of revenues resulting from the ice storm. Excluding these revenues, total revenues would have increased $1,003,000 or 2.6%. Utility Service revenues are expected to continue to increase throughout the remainder of the year at a slightly higher rate than the first quarter, whereas R/C Services are expected to remain comparable to the prior year in light of continued generally weak economic conditions. The Registrant's services are also highly seasonal, and in that the prime sales season does not commence until the second quarter, it is difficult to draw conclusions regarding annual performance from first quarter results.

Operating costs in the first quarter of 1992 increased $1,146,000 or 3.7% from the same period in 1991. As a percentage of revenues, operating costs increased 3.3% to 78.6% from 75.3% for the prior year's first quarter. The increase resulted primarily from higher direct labor costs, start-up costs, and increased workers' compensation expense. The increased workers' compensation expense resulted from increased premiums at one of the Registrant's subsidiaries. With the exception of the start-up costs, these trends are expected to continue through the remainder of the year.

Selling, General and Administrative (SG&A) costs increased $439,000 or 5.1% over the prior year's first quarter. The increase is largely attributable to increased branch office and advertising costs associated with the Registrant's desire to expand its R/C Services.

Depreciation expense of $2,516,000 in the first quarter of 1992 decreased $109,000 or 4.2% from the same period in 1991. The decrease resulted primarily from the Registrant's decision to more closely align its depreciation expense with the economic lives of its assets. To accomplish this, in 1991, the Registrant implemented the 150% declining balance method of depreciation on substantially all new acquisitions versus the double declining balance method which was used previously. This decision reduced depreciation expense by $100,000 for the quarter ended March 28, 1992. The Registrant plans to continue capital expenditures at a level that will provide for the expansion of its R/C Services, maintain equipment on its existing Utility service contracts and provide for the purchase of land and branch office facilities. As a result, depreciation expense is expected to increase in 1992.

Interest expense of $368,000 was $64,000 lower than in the first quarter of 1991 because of lower interest rates during the first quarter of 1992 as compared to the first quarter of 1991.

As a result of the above factors, the loss before income taxes of $3,276,000 and the net loss of $1,982,000, were higher than the respective losses of $1,542,000 and $930,000 for the first quarter of 1991. An effective rate of 40% was used to compute the tax credits for both years.

The net loss per common share was calculated by using the weighted average number of common shares outstanding, including common stock equivalents during each first quarter period.

THE DAVEY TREE EXPERT COMPANY

PART II: OTHER INFORMATION

All Items of Part II were either inapplicable or would have been answered in the negative, therefore, no reference thereto is required to be made in this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE DAVEY TREE EXPERT COMPANY

By: R. D. Cowan
R. D. Cowan, President and
Chief Executive Officer

By: Bradley L. Comport
Bradley L. Comport
Corporate Controller